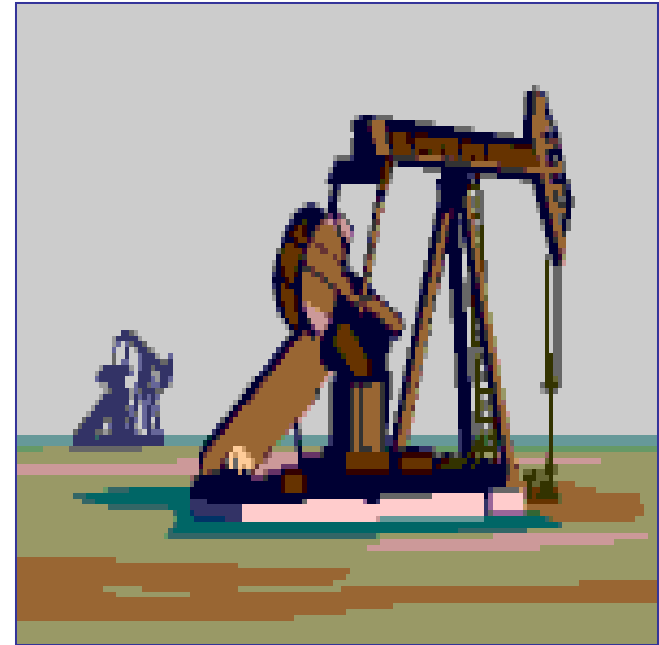


Site Security

Onshore Order 3

43CFR 3162.7-5

Overview



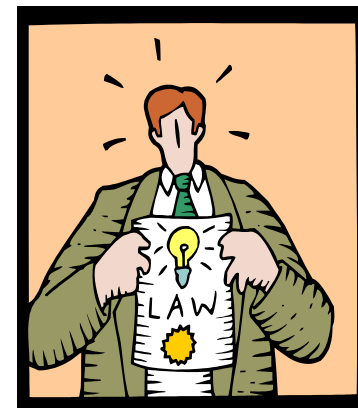
Helmut Newsham
Petroleum Engineering Technician



Onshore Order 3.III

Subsections

- A. Storage and sales facility seals
 - B. Lease automatic custody transfer unit (LACT) system seals
 - C. Removal of crude oil by means other than a LACT unit
 - D. By-pass around meters
 - E. Theft or mishandling of oil
 - F. Self inspection
 - G. Recordkeeping
 - H. Site security plan
 - I. Site facility diagram (aka site security diagram)
- IV. Federal seals

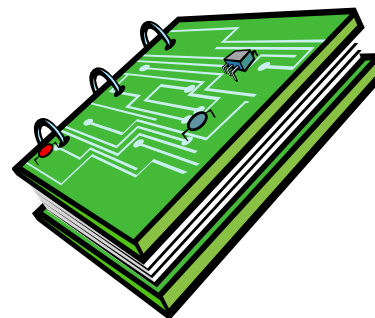


003.III.A.1 Through 2

Incorporated Reference

American Petroleum Institute (API) recommended practice No. 12 R1 3rd Edition, May 31, 1986

- All lines entering or leaving all oil storage tanks shall have valves capable of being effectively sealed during production and sales.
- Exceptions to seal requirements are listed in 003.III.A.1.e.i thru viii and f.





Seals

Effective Seal



Seals (continued)

No Seal



Seals (continued)

Ineffective Seal



Seal around handle, can be manipulated without breaking the seal.



Seals (continued)

Federal Seal



You don't
want this.

Onshore Order 3.III.IV

Federal Seal

If a federal seal is placed on a valve, you are in noncompliance... The federal seal may not be removed by anyone other than the person that placed it. If the seal is removed, the operator will be assessed \$250.00.



Onshore Order 3.III.B.1

Incorporated Reference

- B. API manual of Petroleum Measurement Standards. Chapter 6.1, 2nd edition 1991, or the latest revised standard,
- API spec 11N, 4th edition November 1994, entitled “Lease Automatic Custody Transfer (LACT) Equipment”



Onshore Order 3.III.B.1

Components that Require Seals on LACTs

- Sample probe
- Sampler volume control
- All valves
- Meter assembly
- Temperature recorder
- Downstream back press
- Any drain valves in the system
- Manual sampling valve, if equipped



Any of the seals mentioned carry an incident of non-compliance (INC) gravity of **MAJOR**.



Onshore Order 3.III.C

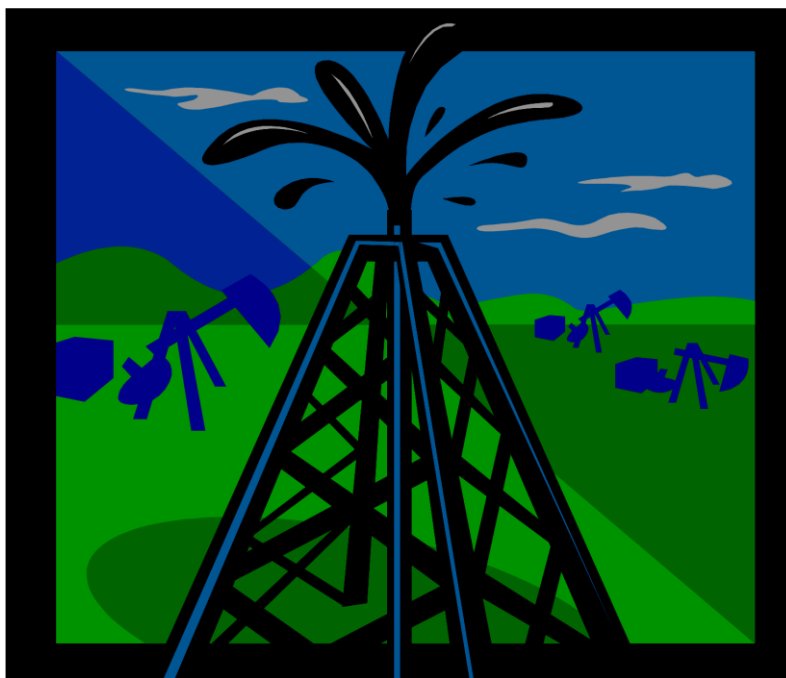
Removal of oil other than by LACT unit

See also Onshore Order 4.III.C.j

Oil Measurement by Tank Gauging

Onshore Order 3.III.C.1.a.thru.c

Run Ticket Requirements



Run Ticket Requirements

Prior to Sale

- Name of seller
- Lease, communization agreement or unit number
- Location, quarter/quarter, section, township, range
- Tank unique number, capacity and date
- Name of gauger and operator representative, if present
- Number of seal removed.
- Opening gauge and temperature



Run Ticket Requirements

Completion of Sale

- Closing gauge and temperature
- Observed gravity
- Number of seals installed
- Signature of gauger
- Signature of operator representative within two days of sale

Once a seal has been broken on a tank, the purchaser/transporter is responsible for the entire contents of the tank until it is resealed.



Onshore Order 3.III.D

By-Pass Around Meters

No by-pass around gas meters or LACT unit meters.

A MAJOR INC.

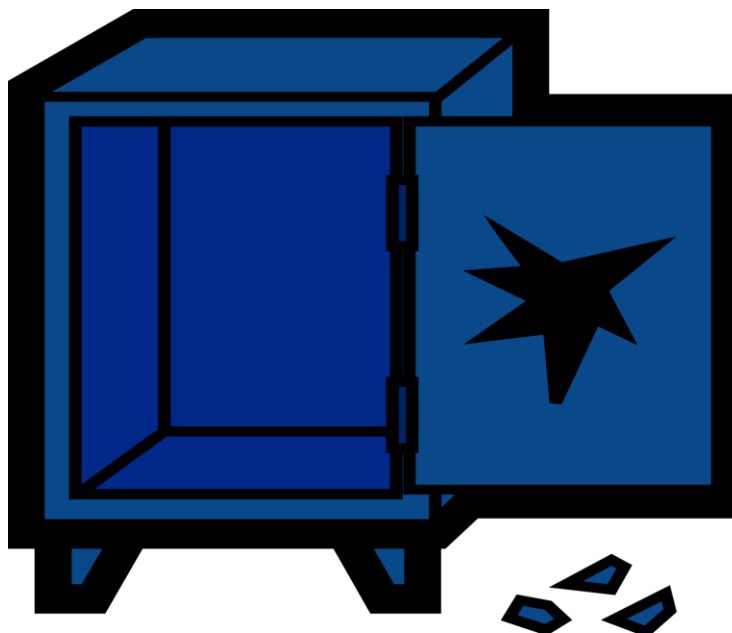


Onshore Order 3.III.D

Theft or Mishandling of Oil

Report incidents of theft or mishandling of oil the next business day after discovery.

All oral reports shall be followed by a written report within 10 business days.



Onshore Order 3.III.E

Theft Report Components

1. Company name and name of individual reporting incident
2. Lease, communization agreement or unit number
3. Location: quarter/quarter, section, township, range
4. Estimated volume removed
5. How the product was removed
6. Individual that discovered the incident
7. Date and time of discovery
8. Whether the incident was reported to law enforcement and company security



Onshore Order 3.III.F.1

Self Inspection

Operators/lessees shall establish an inspection program...



Onshore Order 3.III.G

Recordkeeping

The operator shall establish...

This requirement is repeated in Onshore Orders 4 and 5.
Also in 43CFR3162.4-1.



Onshore Order 3.III.H.1

Site Security Plan

The operator shall establish a site security plan for all facilities...

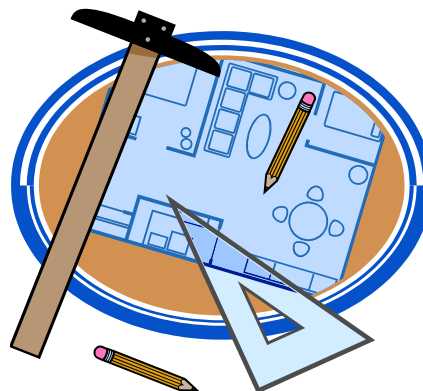


Onshore Order 3.III.I.1.

Site Facility Diagram

aka Site Security Diagram

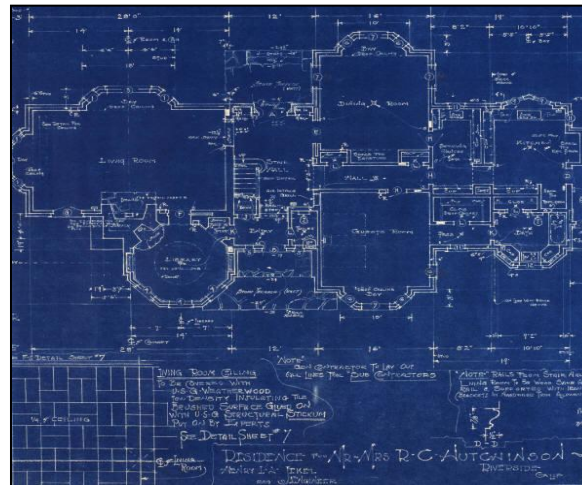
A facility diagram is required for all facilities, including those facilities not located on federal or Indian lands but which are subject to federal supervision through commitment to a federally approved unit agreement or communization agreement...



Site Security Diagram

Highlights

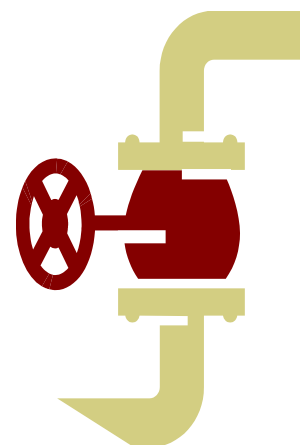
No format is prescribed for facility diagrams. However, it should be prepared on 8.5" x 11" paper, if possible, and should be legible and comprehensible to an individual with an ordinary working knowledge of oil field operations (see Attachment I).



Site Security Diagram

Highlights

1. Accurately reflect the relative position of the production equipment...
2. Commencing with the header...
3. Indicate which valves...
4. ...facilities operated by two different operators...
5. Be filed within 60 days of completion...
6. Clearly identify the lease...
7. Clearly identify the site security plan covering the facility



Questions

